



State of Illinois
\$572,960,000*
Build Illinois Bonds
(Sales Tax Revenue Bonds),
Junior Obligation Series of September 2016

\$150,025,000 TAX-EXEMPT SERIES A OF SEPTEMBER 2016
\$60,010,000 TAXABLE SERIES B OF SEPTEMBER 2016
\$164,305,000* TAX-EXEMPT REFUNDING SERIES C OF SEPTEMBER 2016
\$198,620,000* TAX-EXEMPT REFUNDING SERIES D OF SEPTEMBER 2016

August 11, 2016

*Preliminary, subject to change



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This presentation contains “forward-looking statements.” Forward-looking statements include all statements that do not relate solely to historical or current fact, and can be identified by use of words like “may,” “believe,” “will,” “expect,” “project,” “estimate,” “anticipate,” “plan,” or “continue.” These forward looking statements are based on the current plans and expectations of the State and are subject to a number of known and unknown uncertainties and risks, many of which are beyond its control, that could significantly affect current plans and expectations and the State’s future financial position including but not limited to changes in general economic conditions, demographic trends and federal programs which may affect the transfer of funds from the federal government to the State. As a consequence, current plans, anticipated actions and future financial positions may differ from those expressed in any forward-looking statements made by the State in this presentation. Investors are cautioned not to unduly rely on such forward-looking statements when evaluating the information presented in this presentation. These forward looking statements speak only as of the date of this Investor Presentation / the Preliminary Official Statement of August 11, 2016. The State disclaims any obligation or undertaking to release publicly any updates or revisions to any forward looking statement contained herein to reflect any change in the State’s expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based. Given these uncertainties, readers are cautioned not to rely on forward-looking statements.

This electronic presentation can be found at MuniOS.com, <http://roadshow.munios.com/rs/Y4FJR>, this link expires on August 25, 2016

The Preliminary Official Statement for this issue can be found at MuniOS.com, <http://munios.com/e/Y4FJR>

The Preliminary Official Statement for this issue can be found at www.emma.com under CUSIP 452227



Presentation Participants

- **GOVERNOR'S OFFICE OF MANAGEMENT AND BUDGET**

- ▶ Kelly Hutchinson, *Director of Capital Markets*

- **COLUMBIA CAPITAL MANAGEMENT, LLC- FINANCIAL ADVISOR**

- ▶ Courtney Shea, *Principal*
- ▶ James Prichard, *Vice President*

Financing Overview: Junior Obligation Series of September 2016

Financing Overview				
Series	2016A	2016B	2016C	2016D
Estimated Size	\$150,025,000	\$60,010,000	\$164,305,000*	\$198,620,000*
Use of Proceeds	New Money	New Money	Refunding	Refunding
Tax Status	Tax-Exempt	Taxable	Tax-Exempt	Tax-Exempt
Final Maturity	2034	2034	2034	2034
Amortization	Level Principal	Level Principal	See Next Slide	See Next Slide
Interest Payment Dates	June 15 and December 15, commencing June 15, 2017	June 15 and December 15, commencing June 15, 2017	June 15 and December 15, commencing June 15, 2017	June 15 and December 15, commencing June 15, 2017
Redemption Features	Callable June 15, 2026	Make Whole Call	Callable June 15, 2026	Callable June 15, 2026
Mode	Fixed	Fixed	Fixed	Fixed
Sale Structure	Competitive	Competitive	Competitive	Competitive
Security	First and Priority Pledge and Lien on BIBRI*	First and Priority Pledge and Lien on BIBRI*	First and Priority Pledge and Lien on BIBRI*	First and Priority Pledge and Lien on BIBRI*
Primary Repayment Sources	State Share of Sales Tax and Capital Projects Fund	State Share of Sales Tax	State Share of Sales Tax	State Share of Sales Tax and Capital Projects Fund
Ratings (S&P / Fitch)	AAA / AA+	AAA / AA+	AAA / AA+	AAA / AA+
Bid Date / Time	August 25, 9:30 AM Central	August 25, 9:30 AM Central	August 25, 10:00 AM Central	August 25, 11:00 AM Central
Closing	September 15, 2016	September 15, 2016	September 15, 2016	September 15, 2016

- Preliminary, subject to change.
- *BIBRI – is the Build Illinois Retirement and Interest Fund

Financing Overview: Junior Obligation Series of September 2016

\$572,960,000* State of Illinois Build Illinois Bonds (Sales Tax Revenue Bonds) Junior Obligation Series of September 2016				
	\$150,025,000	\$60,010,000	\$164,305,000*	\$198,620,000*
Maturity (June 15)	Tax-Exempt 2016A	Taxable 2016B	Tax-Exempt 2016C	Tax-Exempt 2016D
2018	8,825,000	3,530,000	-	-
2019	8,825,000	3,530,000	-	-
2020	8,825,000	3,530,000	-	-
2021	8,825,000	3,530,000	8,095,000	17,445,000
2022	8,825,000	3,530,000	26,550,000	17,245,000
2023	8,825,000	3,530,000	8,375,000	17,035,000
2024	8,825,000	3,530,000	6,455,000	11,545,000
2025	8,825,000	3,530,000	9,705,000	7,045,000
2026	8,825,000	3,530,000	12,830,000	2,025,000
2027	8,825,000	3,530,000	23,080,000	16,655,000
2028	8,825,000	3,530,000	15,580,000	16,390,000
2029	8,825,000	3,530,000	15,580,000	16,115,000
2030	8,825,000	3,530,000	7,475,000	15,625,000
2031	8,825,000	3,530,000	12,455,000	15,625,000
2032	8,825,000	3,530,000	6,455,000	15,625,000
2033	8,825,000	3,530,000	6,455,000	15,625,000
2034	8,825,000	3,530,000	5,215,000	14,620,000

* Preliminary, subject to change.

Build Illinois Bond Program Overview

Build Illinois Program Basics

- The Build Illinois program, established by 30 ILCS 425, an Act (the “Act”) of the Illinois General Assembly in 1985, expands the State’s overall efforts in economic development by funding state and local infrastructure, economic development and healthcare, education, and environmental projects.
- Pursuant to the Act, the Build Illinois program is currently authorized to issue up to \$6.246 billion of Bonds, exclusive of Refunding Bonds.
- The State has issued \$5.379 billion Bonds since the Build Illinois program was initiated.
 - ▶ Prior to the issuance of the Junior Obligation Series of September 2016 Bonds, \$2.514 billion in principal is currently outstanding.

Key Strengths of the Build Illinois Bond Program

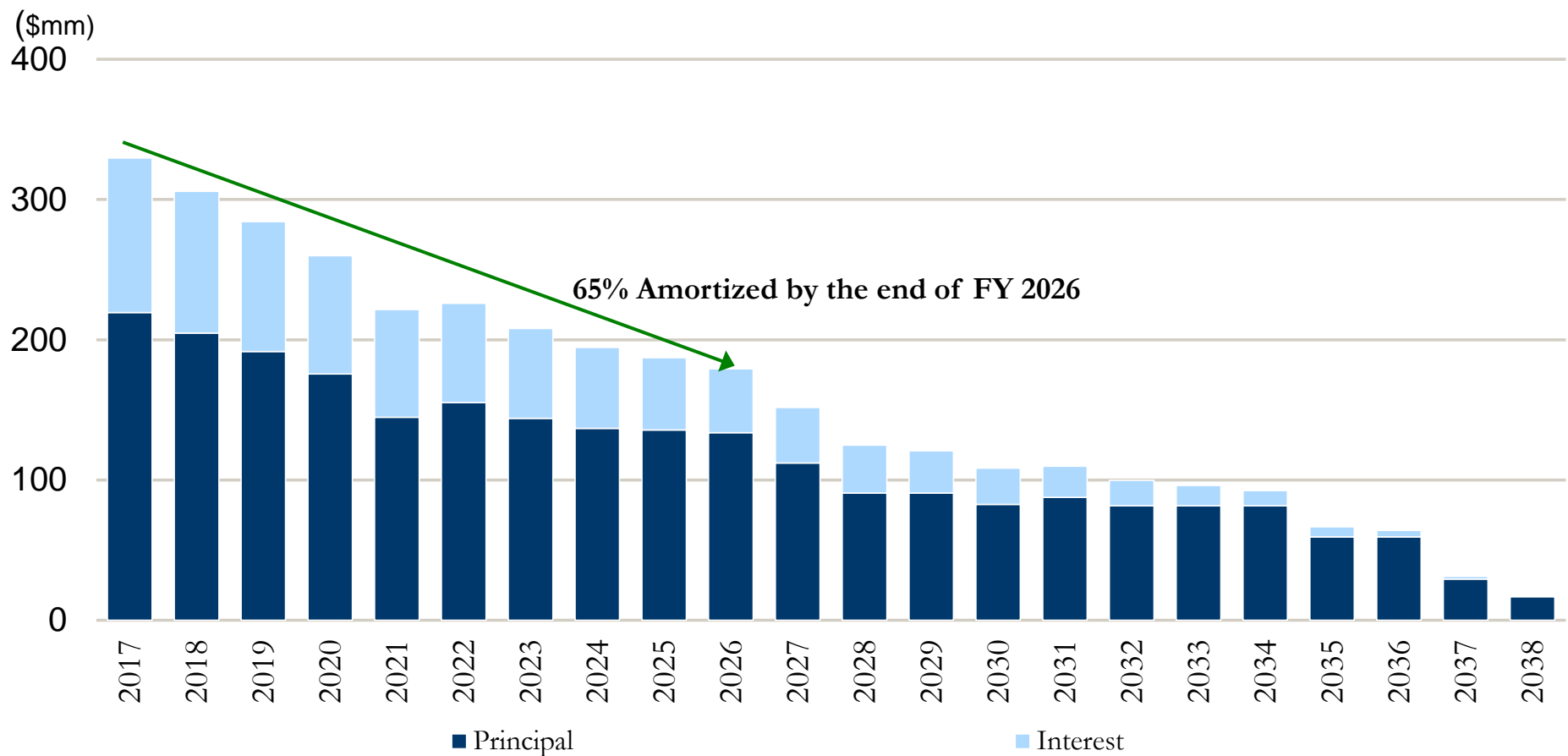
The Build Illinois program is characterized by the following:

- A Conservative debt portfolio that is 100% fixed rate and amortizes rapidly
- Strong Security and Repayment Sources
- Irrevocable and Continuing Debt Service Appropriation
- High Debt Service Coverage of over 25x (Est. MADS FY 2017 coverage)
- Limiting Additional Bonds Test
- Highly rated (AAA by S&P and AA+ by Fitch)

A Conservative Debt Portfolio

Build Illinois Bonds Existing Debt Service*

- \$2.514 billion of principal is currently outstanding consisting of
 - ▶ \$1.860 billion in Senior Bonds
 - ▶ \$0.654 billion in Junior Bonds

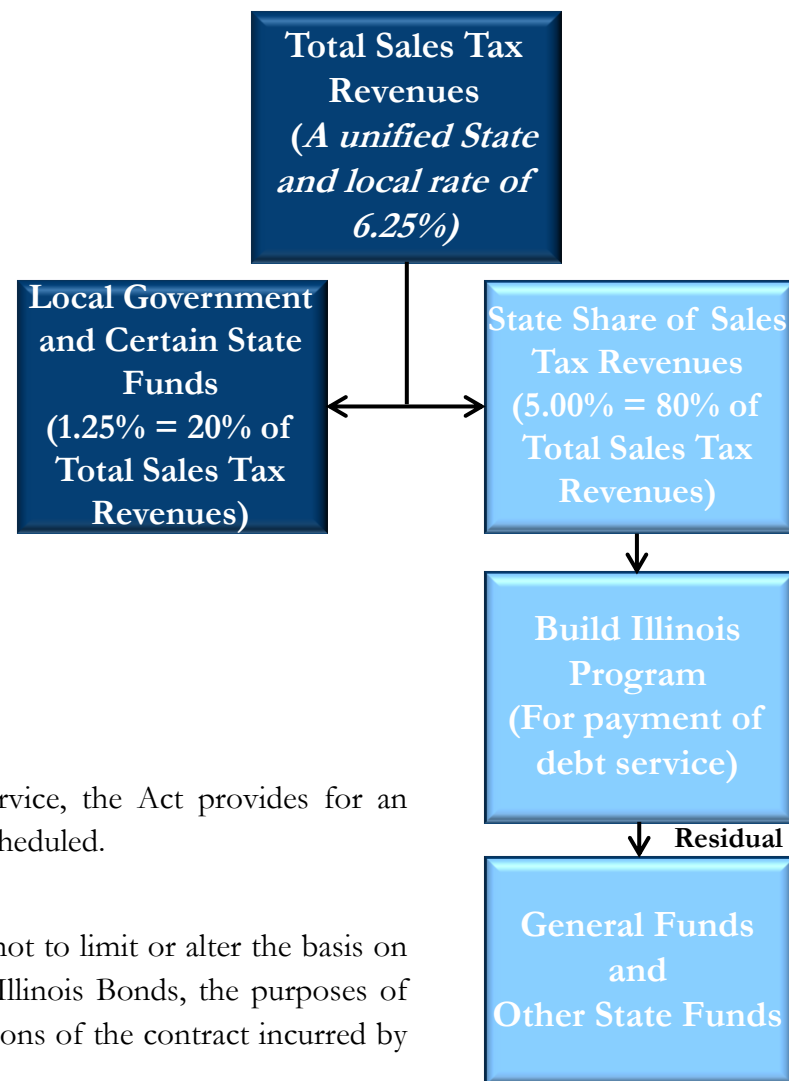


* Before issuance of the Bonds.

Strong Security and Repayment Sources with an Irrevocable and Continuing Appropriation and strong non-impairment covenants

BONDS ARE SECURED BY A FIRST AND PRIORITY PLEDGE AND LIEN

- The Bonds are secured by an irrevocable, first priority pledge of and lien on monies on deposit in the Build Illinois Bond Retirement and Interest Fund (“BIBRI”), a separate fund in the State Treasury.
- The State Share of Sales Tax Revenues constitutes a primary source of payment for debt service on the Bonds
 - ▶ The Sales Tax Acts currently impose Sales Taxes at a unified State and local rate of 6.25%, consisting of a 5.00% State rate portion (representing 80% of collections) and a 1.25% local rate portion (representing 20% of collections)
 - ▶ The 80% portion, or the 5.00% tax, is the State Share of Sales Tax Revenues¹ and is included in Revenues, subject to a first and prior claim and charge for payment of the Bonds
 - ▶ Some series of Build Illinois Bonds, including Series A and D of September 2016, are first paid from transfers from the Capital Projects Fund, if available and then from Revenues. See the POS for more information.



CONTINUING AND IRREVOCABLE ANNUAL APPROPRIATION

- Pursuant to the Act, if the State does not make an appropriation for debt service, the Act provides for an **irrevocable and continuing appropriation** allowing debt service to be paid as scheduled.

STRONG NON-IMPAIRMENT COVENANTS

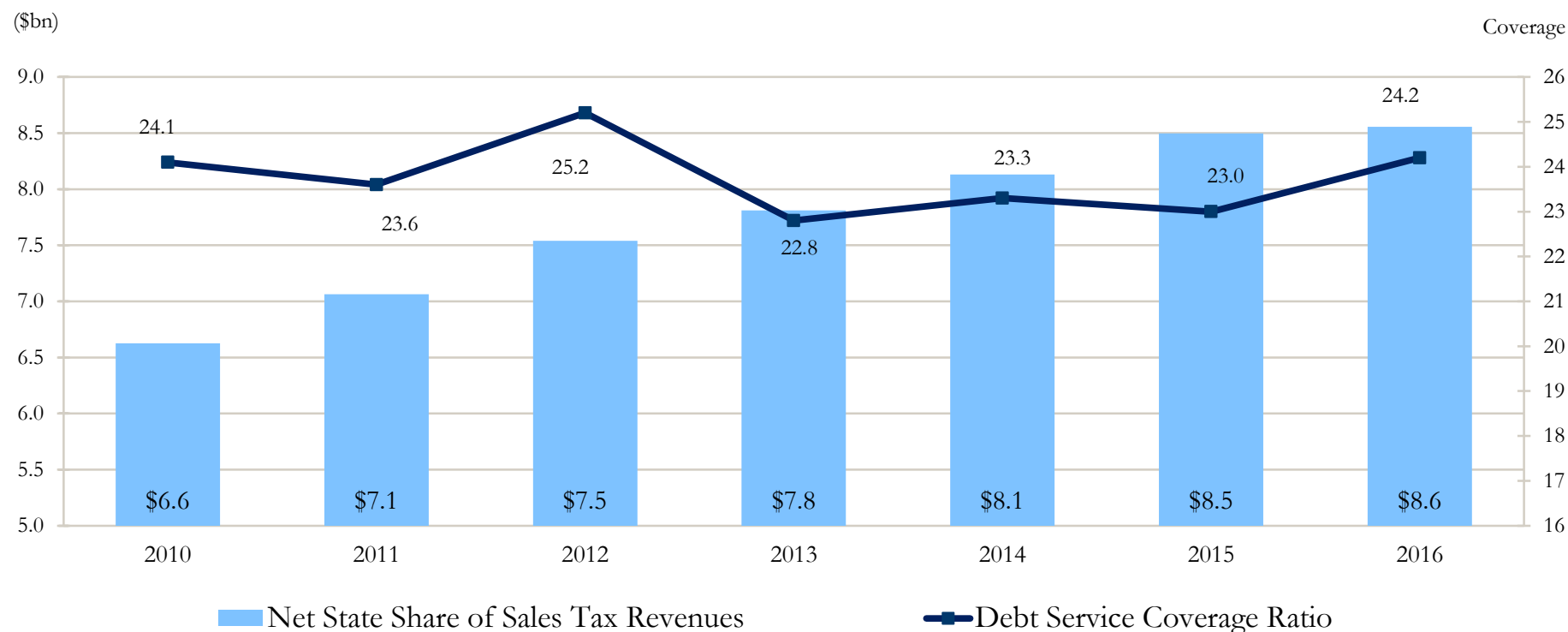
- Under the Act and Indenture, the State irrevocably covenants with Bondholders not to limit or alter the basis on which taxes and revenues are required to be collected and deposited for Build Illinois Bonds, the purposes of BIBRI or the provisions of certain sections of the Act so as to impair the obligations of the contract incurred by the State in favor of the holders of the Bonds.

1. Excluding the 5.25% incremental portion of the Sales Taxes from the sale of candy, grooming and certain hygiene products, and soft drinks currently taxed at 6.25%, as increased from the pre-September 1, 2009, rate of 1.00%, which incremental portion is deposited into the Capital Projects Fund for the payment of bonds, including the Series A and D of September 2016 Bonds, issued pursuant to the Capital Projects Fund Legislation. Also excluded are receipts from sales of sorbents, which are deposited into the Clean Air Act Permit Fund and \$6 million which is deposited annually into the State Crime Laboratory Fund.

High Debt Service Coverage Levels

Historical Net State Share of Sales Tax Revenues and Annual Debt Service Coverage Levels

- State Share of Sales Tax has consistently trended upward since 2010 and has averaged \$7.8 billion
- Annual Net State Share of Sales Tax Revenues have significantly exceeded Annual Debt Service Requirements and has averaged 23.7x since 2010.



Note: all the figures above include both Senior and Junior debt service.

Limiting Additional Bonds Test

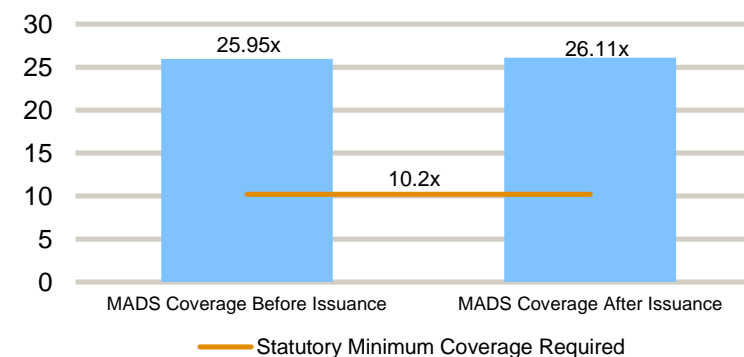
The Additional Bonds Test Requires High Debt Service Coverage

- To issue additional Senior Bonds, the State must demonstrate that:
 - ▶ The maximum Net Debt Service Requirement for **all Senior Bonds**, post issuance of the new debt, will not exceed 5% of the State Share of Sales Tax Revenues (i.e. **20x coverage required**) and that the Debt Service Reserve Fund will be fully funded within 24 months.
- To issue additional Junior Obligation Bonds, the State must demonstrate that:
 - ▶ The maximum Net Debt Service Requirement for **all Senior Bonds and the Junior Annual Debt Service**, post issuance of the new debt, will not exceed 9.8% of the State Share of Sales Tax Revenues (i.e. **10.2x coverage required**).
- Refunding bonds of either Senior Bonds or Junior Obligations can be issued as long as:
 - ▶ They do not extend the term of debt
 - ▶ They produce at least a NPV savings of 3%

Required Senior
Bond Coverage
=
20.0x

Required Junior
Bond Coverage
=
10.2x

Estimated 2017 MADS Debt Service Coverage*



**the figures in the chart include both Senior and Junior debt service.*

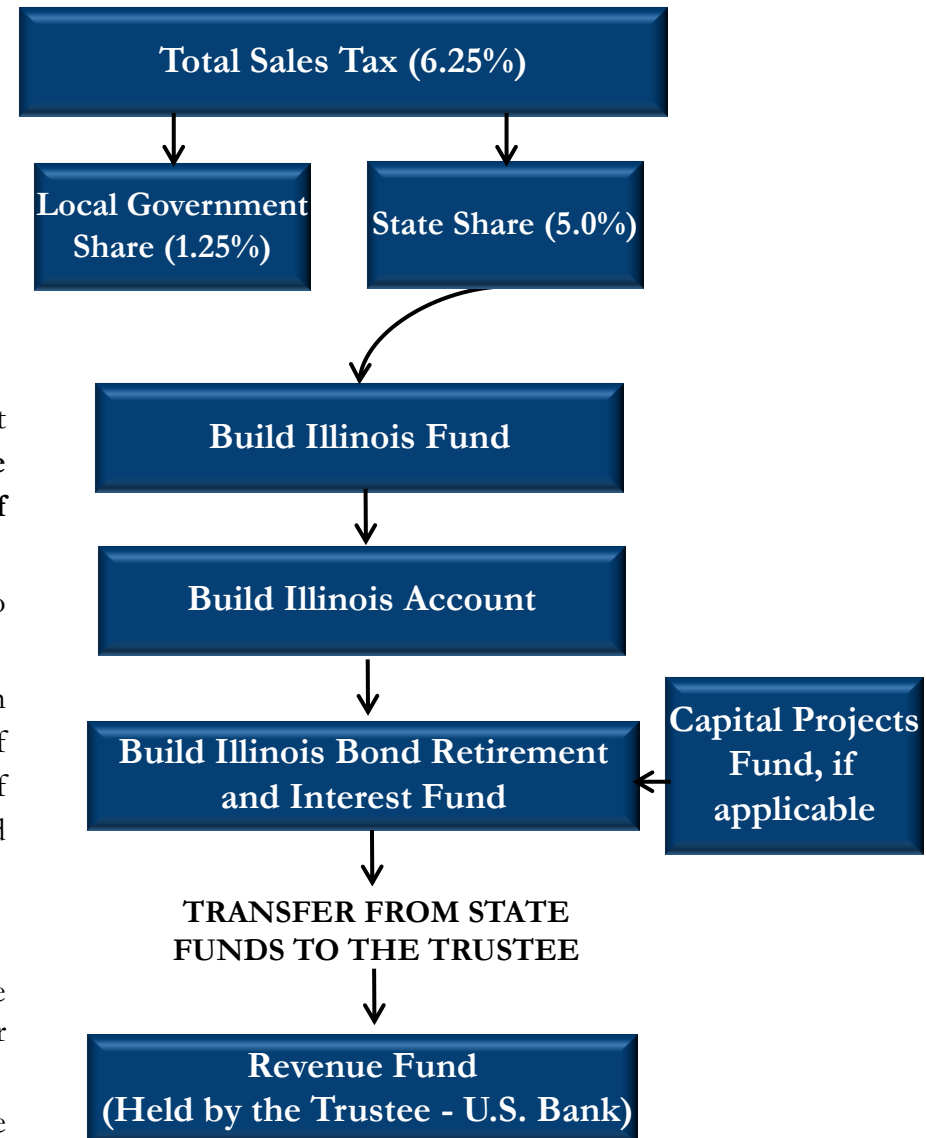
Build Illinois Flow of Funds – Funds Held by the State

REQUIRED BOND TRANSFER AMOUNT

- Each month, funds are transferred from the Build Illinois Fund to BIBRI in an amount equal to the **greater of** 1/12th of 150% of the Certified Annual Debt Service Requirement; or the Tax Act Amount (which is equal to 3.8% of the State Share of Sales Tax Revenues), provided that such transfers from the Build Illinois Fund for any such fiscal year do not exceed the greater of the Certified Annual Debt Service Requirement or the Tax Act Amount.
 - Transferring 1/12th of 150% effectively requires transferring at least 1/8th of 100% of the Transfer Amount each month so that **the required amount is deposited during the first eight months of each Fiscal Year.**
 - Since 2013, the Tax Act Amount has been the greater of the two transfer amounts.
- For payment of Bonds issued pursuant to Capital Projects Fund legislation (P.A. 96-36, 96-1554, and 98-94) (including the Series A and D of September 2016 Bonds), the Capital Projects Fund is the first source of transfers for these Bonds, before money is transferred from the Build Illinois Bond Account.

REQUIRED BOND TRANSFER MECHANISM

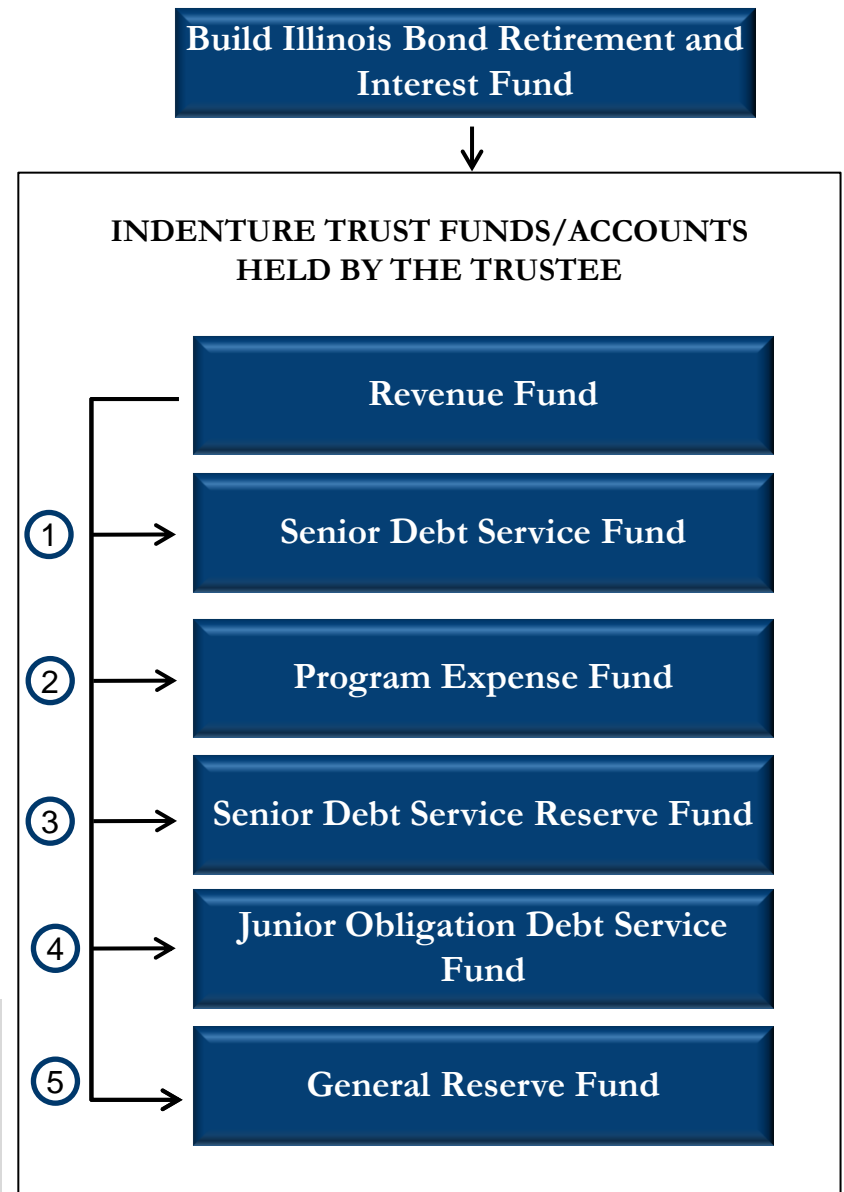
- The Treasurer and the Comptroller are required on the last day of the month to make the monthly transfer of the Required Bond Transfer Amount from BIBRI to the Trustee for deposit in the Revenue Fund.
- On the first day of each month, amounts held in the Revenue Fund are then applied by the Trustee as per the Indenture flow of funds.
- The Trustee is U.S. Bank, N.A.



Summary Build Illinois Indenture Flow of Funds – Funds Held by the Trustee

- The Indenture requires that the Trustee shall apply funds in the Revenue Fund in the following order:
 1. Monthly requirement for debt service on the Senior Bonds
 2. Required amount, if any, for Program Expenses
 3. Amount needed, if any, to replenish the Debt Service Reserve Fund for the benefit of Senior Bonds
 - ▶ The Senior Debt Service Reserve Fund has never been drawn upon in the history of the Build Illinois program
 4. Monthly requirement for debt service on the Junior Obligations
 5. Remaining balance is applied to the General Reserve Fund; funds in the General Reserve Fund can, upon written request and subject to certain restrictions, be released to the State for its general purposes between June 15-30 of each year
- The Series of September 2016 Bonds are not secured by or payable from amounts on deposit in the Senior Debt Service Reserve Fund
- The Junior Obligations are secured by the Junior Obligation Debt Service Fund

Please see SECURITY FOR THE SERIES OF SEPTEMBER 2016 BONDS – Indenture Flow of Funds, in the Preliminary Official Statement for a detailed description of the Indenture flow of funds.



Financing Schedule*

Date*	Event
Monday, August 22 nd	<ul style="list-style-type: none">■ 10:00AM – 1:00PM Central: One-on-One Investor Calls
Tuesday, August 23 rd	<ul style="list-style-type: none">■ 12:30PM – 3:30PM Central: One-on-One Investor Calls
Thursday, August 25 th	<ul style="list-style-type: none">■ 9:30AM Central: Pricing of the Tax-Exempt Series 2016A and the Taxable Series 2016B■ 10:00AM Central: Pricing of the Tax-Exempt Series 2016C■ 11:00AM Central: Pricing of the Tax-Exempt Series 2016D
Thursday, September 15 th	<ul style="list-style-type: none">■ Closing

* Preliminary, subject to change.

More Information

Please contact Columbia Capital
to set up one-on-one calls with State staff.

Courtney Shea, Principal	cshea@columbiacapital.com / (312) 499-9200
James Prichard, Vice President	jprichard@columbiacapital.com / (913) 312-8072

Thank you for participating in this presentation.